

Message Text

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63

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-13 CAB-09 COME-00 EB-11 FAA-00

AID-20 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 STR-08 CEA-02 AGR-20 OC-06 CCO-00 SSO-00

SCEM-02 INT-08 NIC-01 ABF-01 FS-01 DOTE-00 SY-10

USSS-00 DRC-01 /255 W

----- 117378

P R 172125Z SEP 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 5684

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LIMA

AMEMBASSY LA PAZ

LIMITED OFFICIAL USE SANTIAGO 4349

EO 11652: N/A

TAGS: ECON, CI

SUBJ: ECONOMIC ROUNDUP, SEPT 17

SUMMARY. DISTRIBUTION OF MANY GOODS IS NOTICEABLY IMPROVED, BUT LONG BREAD LINES ARE STILL EVIDENT. MOST DOWNTOWN SANTIAGO STORES ARE OPEN. FUEL AND INTERNAL TRANSPORT SITUATION HAS IMPROVED MARKEDLY. INTERNATIONAL FLIGHTS REMAIN SUSPENDED. END SUMMARY.

1. GOVERNMENT AUTHORITIES HAVE ANNOUNCED THAT DELIVERIES OF FLOUR AND MEAT TO SANTIAGO ARE NOW ABOUT HALF OF CAPITAL'S NEEDS. EMBASSY SOURCES SAY THAT ALL FLOUR MILLS IN SANTIAGO AREA ARE NOW WORKING ON
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24 HOUR BASIS AND THAT GOC HAS PLACED TOP PRIORITY

ON GETTING WHEAT FROM SAN ANTONIO AND VALPARAISO PORTS TO SANTIAGO. GOC AUTHORITIES SAY THEY HOPE TO HAVE SUFFICIENT BREAD IN SANTIAGO WITHIN 15 DAYS, BUT LONGER-TERM WHEAT SUPPLY IS CRITICAL. FOOD SUPPLIES IN SANTIAGO CENTRAL MARKET TODAY ARE LESS THAN BEFORE COUP. DIRINCO (PRICE CONTROL AGENCY) DIRECTOR, COLONEL CABELLO, HAS ASKED CHILEANS NOT TO HOARD. FEDERATION OF SMALL MERCHANTS ISSUED DECLARATION SUPPORTING NEW GOVERNMENT AND PLEDGING DISTRIBUTION WITHOUT DISCRIMINATION AND AT OFFICIAL PRICES.

2. PRICES OF SOME ITEMS, SUCH AS POTATOES, CARROTS AND SOME FISH, ARE NOW MARKEDLY LOWER THAN ONE WEEK AGO. FRUIT AND MEAT PRICES IN CENTRAL MARKET ARE ABOUT THE SAME. (COMMENT: THEY MAY DECREASE AS TRANSPORT SITUATION NORMALIZES.) GOVERNMENT HAS WARNED THAT PRODUCTS MUST BE SOLD AT OFFICIAL PRICES AND ANY INFRACTIONS WILL BE SEVERELY PUNISHED.

3. NEARLY ALL DOWNTOWN SANTIAGO STORES WERE OPEN AT MID MORNING. CENTRAL BANK AND SEVERAL COMMERCIAL BANKS (INCLUDING BANK OF TALCA) WERE CLOSED TO GENERAL PUBLIC WHILE LINES WERE WAITING TO ENTER OTHERS, BUT SOME BANKS APPEAR TO BE OPERATING NORMALLY. VERY LARGE CROWD WAS TRYING TO GET PAYMENTS FROM MAJOR SOCIAL SECURITY INSTITUTION.

EL MERCURIO REPORTED THAT EL TENIENTE COPPER MINE AND NUMBER OF INDUSTRIES HAD RESUMED OPERATIONS.

4. ACCORDING ESSO MANAGER, GASOLINE AND HEATING FUEL DELIVERIES WILL BE NORMALIZED IN NEXT 2-3 DAYS AND THERE SHOULD BE NO FURTHER SUPPLY PROBLEMS BEFORE END OF SEPTEMBER. HE SAID DISTRIBUTION THESE ITEMS HAS BEEN NORMAL OUTSIDE SANTIAGO-VALPARAISO AREAS SINCE SEPTEMBER 12. HE NOTED THAT OIL PIPELINES WERE NOW OPERATING, BUT SITUATION AT CONCON AND CONCEPCION OIL REFINERIES WAS UNCLEAR BECAUSE OF LACK OF EXPERTS AND POSSIBLE TECHNICAL PROBLEMS. MANAGER ALSO SAID GOC HAS ASKED ESSO TO BRING IN SHIP LOAD OF AUTOMOTIVE DIESEL OIL, KEROSENE, AND 100 OCTANE AVIATION GAS, BUT ESSO HAS NOT YET MADE DECISION.

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5. INTERNATIONAL FLIGHTS REMAIN SUSPENDED AND PUDAHUEL AIRPORT IS STILL CLOSED. BRANIFF MANAGER SAID HE DID NOT EXPECT INTERNATIONAL FLIGHTS TO RESUME UNTIL ABOUT SEPT 20, BUT OTHER CIVIL AVIATION SOURCES BELIEVE SEPT 21 AT EARLIEST. LAN (NATIONAL AIRLINE) RESUMED DOMESTIC FLIGHTS. TRAIN, BUS AND TAXI OPERATIONS ARE REPORTEDLY RETURNING TO NORMAL THROUGHOUT COUNTRY.

6. PARALLED CURRENCY RATE IS NOW QUOTED ON STOCK EXCHANGE AT
1800-2200 FOR US DOLLAR CHECK, DOWN FROM APPROXIMATELY E2500 JUST
BEFORE COUP.
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